

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
FEBRUARY 2003**

DATE: March 11, 2003

TO: Civil Service/Exempt Departments

FROM: State Controller's Office
Don Ward, Manager
Personnel/Payroll Operations
(916) 322-8805

RE: PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES

This recaps the February 6, 2003 Personnel/Payroll Review Committee (PPRC) meeting and provides information for the March 13, 2003 meeting.

We would like to thank those department representatives that participated in the January meeting for their time and effort. There were 50 representatives from 34 departments that participated in this meeting.

Personnel/Payroll Review Committee
February 6, 2003 Meeting Notes

The meeting was called to order at 1:30 by Don Ward.

Departments represented:

Aging, Air Resources Board, Board of Equalization, CHP, CA Housing Finance Agency, CA Integrated Waste Management, CalPERS, CA Student Aid Commission, Community Services and Development, Corporations, Corrections, Developmental Services, EDD, Energy Commission, Finance, Financial Institutions, Food and Agriculture, Forestry and Fire Protection, Franchise Tax Board, General Services, Health and Human Services Data Center, Health Services, Lottery, Motor Vehicles, Parks and Recreation, Rehabilitation, Secretary of State, State Controller's Office, Toxic Substances Control, Transportation, Treasurer's Office, Water Resources, Water Resources Control Board, Youth Authority.

Old Business:

None

New Business:

Agenda Items
Distribute Handout Materials
Approve Prior Meeting Notes
Guest Speakers
SCO Update
Department Issues/Concerns
Confirm Next Meeting Agenda, Time and Place

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
FEBRUARY 2003**

Discussion:

Approved January 2003 meeting notes.

SCO Update:

Guest Speakers:

Dorothy Cottrill, Operations Manager, Administration and Disbursements Division provided an overview of her area of responsibility; including: garnishments warrants, stop payments, duplicate warrants, lost and stolen warrants, redeposits and mail and warrant distribution. Also, Dorothy discussed the following:

Eliminating the paper copies of the warrant registers will save 8 hours of printing time, 8 hours of bursting, as well as time required to prepare department/campus packages for mailing.

There is a new procedure for zero balance warrants. You may now just hand these to the employees since we will be printing "Non Negotiable" on the warrants.

Make sure you return the garnishment warrants when you redeposit a corresponding payroll warrant.

We are continuing in our efforts to reduce the use of multiple part paper.

We are changing the way we provide copies of paid warrants. We will be using an imaging process beginning in mid April.

Warrants are good for 1 year from the date of issue. If a warrant is beyond 1 year to 3 years old; process a claim schedule to have the funds distributed from an escheat account (see PPM Section I 330). If the warrant is more than 3 years old; seek relief from the Victim Compensation & Government Claims section. This process takes from 12 to 18 months.

Do not return Direct Deposit advice slips if the payment was stripped. Those can be confidentially destroyed.

If you have questions about payroll release, you can call the warrant release desk at (916) 324-0121.

If you have a real problem and are unable to get it resolved by the normal means, you may call me at (916) 445-2568.

Lisa Lobertini from PPSD's Project Management and Analysis Bureau and Dave Edwards from PPSD's Customer Service Section addressed the following regarding warrant registers on View Direct:

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
FEBRUARY 2003**

Users must change from report (R) to topic (T) to retrieve the correct warrant register version.

If you need additional training on using View Direct to access warrant registers, contact Dave at (916) 324-7255 or the Leave Accounting phone liaison at (916) 327-0756.

SCO will not provide a copy of the warrant register for Accounting Offices. Accounting Offices receive the SM62 and other sources to obtain the information they need in order to reconcile.

Cheryl Salvador from CalPERS Actuarial and Employer Service Division addressed the following:

The CalPERS State Handbook for State agencies has been mailed. If you have not received your copy, call me at (916) 341-2918.

If you need to certify sick leave after the PAR has been keyed and there has been a change, you may now photocopy the form from the handbook, pages 137 and 138. This completed form may be then submitted to correct the amount of sick leave for the employee.

Changes to sick leave are up to the agencies' own policy. It takes a significant amount of change to effect the employee's benefit.

SCO Update:

System Changes: At the January 2003 Transactions Supervisor's Forum, we requested a list of the top 3 system changes you would like SCO to pursue. As such, if you have any suggestions, please share them with your department representative. One change you may want to request is the ability to process Direct Deposit cancels on-line. This has been discussed in previous PPRC meetings in light of AB2410.

Office Vision (OV) IDs: As a follow-up to our previous discussion on OV IDs, we recommended you cancel your OV ID's if you no longer were using them. Since some departments were not sure if they still had IDs, we brought a list of IDs to the meeting. If you are not sure you have OV IDs on the majordomo distribution lists, contact Ann Mitchell at (916) 322-7978 or email at anmitchell@sco.ca.gov or Kimberly Jenness at (916) 322-7979 or email at kjenness@sco.ca.gov.

Forms W-2: If you have employees that did not yet receive their 2002 W-2 and their mailing address did not change, you must complete and sign a STD. 436 for the fee to be waived. Also, on the bottom of the form, indicate, "employee did not receive W-2, address has been verified, fee to be waived." The last date for the 2002 W-2 fee waiver was March 3, 2003. If you find that the

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
FEBRUARY 2003**

employee's address is incorrect, please have the employee complete a change of address via the EAR.

Position Control Overview: Operations' staff conducted classes on February 26th, February 27th and March 6th with 128 attendees from 91 departments. One additional class is scheduled for March 12th. The classes included an overview of the Position Control process, processing established positions and headers, and covering various other fiscal year end activities; including, new procedures for abolished positions which resulted from revisions to Government Code 12439.

Web sites: You may find these web sites useful in verifying information for your employees or referring your employees to them for social security and medicare taxation requirements and questions: www.ssa.gov and www.irs.gov.

Agency Collection A/R's: We are currently working our outstanding file of A/R's due to salary overpayment conditions. We initially notified you of the overpayment and gave you 60 days to respond. Unfortunately, our workload prevented us from following up on these. Our research will verify if you have taken corrective action, such as returning an overpayment for redeposit, changing Employment History to reflect the overpayment condition no longer exists, or you have submitted a document requesting an A/R be established to recover the overpayment. For those with an overpayment condition still outstanding an agency collection A/R will be set up.

Mismatched names/SSN's: As a reminder, IRS is assessing employers penalties for mismatched names/ssn's reported on Forms W-2 beginning with 2002 tax year and thereafter (see Payroll Letter 02-019 and PAM Section 6.6). Employers may avoid the \$50 per incorrect W-2 penalty if they demonstrate reasonable cause in filing the incorrect Form W-2. If the employer used the Social Security Number Verification System before filing the incorrect data, the employer can show "due diligence." This due diligence can be used to justify reasonable cause in filing a Form W-2 with a mismatched name and SSN. If the employer exercised due diligence, there will be no penalty, according to IRS. Please access the SSA web site at www.ssa.gov/employer/ for additional information.

Authorized Signature Cards: We will be making a concentrated effort in the verification of authorized signatures for personnel and payroll documents; including, those documents that are sent via FAX. If you do not have a signature card on file or if the information you have on file is incomplete, please update that information immediately. We will be returning documents for this reason.

New Forms W-2C: In accordance with IRS requirements, SCO revised Forms W-2C. The new Form W-2C is very different from those

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
FEBRUARY 2003**

received in prior years. The first mailing of W-2C's was sent on February 14, 2003 to the employing agencies. These packages included a cover letter to be provided to each employee receiving a W-2C to help them understand the changes to their original 2002 W-2.

PIP Enhancement: We are currently working on an enhancement to the PIP system that will protect the alternate funding fields on the 671 screen. This is necessary to prevent anyone from inadvertently entering the 900 blanket serial into the agency field. Unfortunately, this has occurred in the past and when the blanket number is the same as an agency code, pay will issue to an incorrect agency. You will still have access to the entire alternate fund field; however, an additional step will need to be taken.

QUESTIONS/ANSWERS:

Question: What can we do if we receive a "ding" in error? I recently received both a PR250 and a PR171 in error. The PR171 said the employee was off payroll and that was incorrect.

Answer: Please call the supervisor of the unit returning the document. At the next PPRC meeting, we will provide an organization chart that will identify each of our units and the respective supervisor's name and phone number.

Question: Do you have any information on a pay reduction for state employees?

Answer: No, other than what has been reported in the newspaper.

Question: Is SCO providing the departments notification if an employee takes a voluntary salary reduction?

Answer: Currently SCO keys a SAL transaction for exempt employees requesting a salary decrease. In item 21 we indicate "VOL SAL RED" Your turnaround PAR and NOPA are your notification.

Question: Is there any new information on a golden handshake?

Answer: There is some proposed legislation on several different versions of golden handshakes.

Question: Why do our stapled document packages not get worked as packages? I called the other day and they only were able to find part of the package.

Answer: Be sure that you are only stapling the same kind of documents together. We frequently see regular 674 and 674D documents stapled together. These documents are processed in different units and must be separated. If you have other types of

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
FEBRUARY 2003**

issues, call the supervisor for the unit in question.

Comment: We had an A/R established on 12-05-02 for deductions and those same deductions came out of the employee's November master. What happened to cause this?

Answer: A lot of retroactive deductions are processed by automated programs. We would need to have the specific SSN to determine if it was an automation problem, a staff error or a combination. Please provide Pam Keegan (916) 323-3529 with the specifics on this situation and she can research.

Question: My employee has flex cash for health only, he made a change to his dental to add a spouse. The flex cash was issued, taken back and then issued again. What happened here?

Answer: This is a known system problem. We are attempting to make modifications in the programming to stop this or at least prevent these erroneous adjustments from going through the system.

Question: Several attendees asked questions about how long they were required to retain copies of keyed PAR documents and where those copies should be held.

Answer: When the agencies were first decentralized, they received a package that contained various information including the document retention schedule. This instructed the departments to retain PARS and EARS for "... six months following the close of the Fiscal Year in which the data was entered on the Employment History Data Base." This information has not changed and is still a requirement. The PAM (pg. 2.4) indicates "... The appointing power should retain a copy of the Padded/Turnaround PAR(s) to verify against the updated Turnaround PAR issued. The pending copies may then be destroyed." Some departments have retained copies of these documents in both places (with the PSD reference log and in a pending file of keyed documents). The department is only required to keep 1 copy of these documents, whether it be with the PSD reference log or the Personnel file or elsewhere. A PAM revision is pending to clarify this information.

Question: We were told, from PERS, that they do not look at item 888 (sick leave at retirement) that is entered on S70/S71 transactions. If they do not look at it, why is it a required item?

Answer: The retirement document package has an area where the department can certify the employee's sick leave. If this is certified by the department, CalPERS accepts the item. If the department does not complete this item, CalPERS is using the entry in item 888 of the retirement PAR. This was verified with Sandy May at CalPERS.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
FEBRUARY 2003**

Closing:

The meeting was adjourned at 3:20 PM.

The PPRC encourages attendance by department representatives interested in improving the efficiency of personnel/payroll administration. However, if you are unable to attend these meetings and you have an issue or question you would like the committee to address, please contact Don Ward with pertinent information.

Next Meeting:

The next meeting is Thursday, March 13, 2003 from 1:30 to 3:30 at:

State Controller's Office
300 Capitol Mall, 6th Floor, Room 635
Sacramento, CA 95814

Listed below are the PPRC meeting dates for the 2003 calendar year. All meetings are from 1:30 to 3:30 at the above location:

April 10, 2003
May 8, 2003
June 12, 2003
July 10, 2003
August 14, 2003
September 11, 2003
October 9, 2003
November 13, 2003
December 11, 2003

Should you have any questions regarding the PPRC meetings or have additional input, please contact Don Ward at (916) 322-8805 or via email at dward@sco.ca.gov.